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11 **UNITED STATES BANKRUPTCY COURT**
12 **DISTRICT OF NEVADA**

13 In re

14 CASH CLOUD, INC.,
15 dba COIN CLOUD,

16 Debtor.

Case No. BK-23-10423-mkn

Chapter 11

**DECLARATION OF
DANIEL AYALA IN SUPPORT OF
MOTION FOR ORDER:
(A) CONFIRMING AUCTION RESULTS;
(B) APPROVING THE SALE OF
CERTAIN OF DEBTOR'S ASSETS TO
HELLER CAPITAL GROUP, LLC,
GENESIS COIN, INC. AND
CHRISTOPHER MCALARY FREE AND
CLEAR OF LIENS CLAIMS,
ENCUMBRANCES,
AND OTHER INTERESTS;
(C) AUTHORIZING THE ASSUMPTION
AND ASSIGNMENT OF CERTAIN OF
THE DEBTOR'S EXECUTORY
CONTRACTS AND UNEXPIRED LEASES
RELATED THERETO; AND
(D) GRANTING RELATED RELIEF**

Hearing Date: OST PENDING
Hearing Time: OST PENDING

1 I, Daniel Ayala, declare as follows:

2 1. I am the Independent Director of Cash Cloud, Inc. dba Coin Cloud (“Debtor”), debtor
3 and debtor in possession in the above-captioned case (the “Chapter 11 Case”).

4 2. Except as otherwise indicated herein, this Declaration is based upon my personal
5 knowledge. I am over the age of 18 and am mentally competent. If called upon to testify, I would
6 testify competently to the facts set forth in this Declaration.

7 3. I make this Declaration in support of Debtor’s *Motion for Order (A) Confirming*
8 *Auction Results; (B) Approving the Sale of Certain of Debtor’s Assets to Heller Capital Group, LLC,*
9 *Genesis Coin, Inc. and Christopher McAlary Free and Clear of Liens, Claims, Encumbrances, and*
10 *Other Interests; (C) Authorizing the Assumption and Assignment of Certain of the Debtor’s*
11 *Executory Contracts and Unexpired Leases Related Thereto; and (D) Granting Related Relief* (the
12 “Motion”).¹

13 4. Debtor seeks authority to: (a) sell the Heller Assets and assume and assign the
14 Assigned Contracts to Heller Capital for a cash purchase of \$4,450,000.00 plus the assumption of
15 liability for all Cure Amounts (as defined in the Heller APA) for the Assigned Contracts, and
16 payment of certain operational and payroll expenses through an Interim Management Services
17 Agreement (the “IMSA”)² (collectively, the “Heller Purchase Price”); (b) sell the Genesis Coin
18 Assets to Genesis Coin for a 1% monthly commission on all revenue generated from digital currency
19 machines (“DCMs”) pursuant to the Genesis APA (the “Commissioned Machines”), with a
20 minimum guarantee of \$1,500,000.00 paid to Debtor over a maximum period of 18 months from the
21 date of transition of the Genesis Coin Assets (the “Genesis Coin Purchase Price”); as the highest and
22 best bids at the Auction. It is critical that the sales of the Heller Assets and the Genesis Coin Assets
23 (collectively, the “Sale Assets”), close as soon as possible, not only to retain the value of the Sale
24 Assets, but also to prevent Debtor’s continued incurrence of administrative expenses that reduce any
25 potential recovery to unsecured creditors. In addition, Debtor is concerned about the deterioration
26

27 ¹ Capitalized terms not defined herein shall have the meanings ascribed to them in the Motion.

28 ² A motion seeking approval of the IMSA will be filed under separate title.

1 of the Sale Assets, in light of Debtor's severely diminished cash flow, which has forced Debtor to
 2 cease operations as of June 12, 2023. Debtor has borrowed the maximum amount under its DIP
 3 loan³ from Debtor's DIP lender, CKDL Credit, LLC (the "DIP Lender"). Each passing day brings
 4 increasing uncertainty regarding Debtor's future, leading to potentially greater losses for Debtor and
 5 its estate.

6 5. Debtor appointed its financial advisors, Province LLC ("Province"), to manage the
 7 Sale process, and selected the Committee, and secured creditors Enigma Securities LTD ("Enigma"),
 8 Genesis Global Holdco, LLC ("Genesis"), and the DIP Lender as consultation parties (collectively,
 9 the "Consultation Parties").

10 6. Debtor received bids for the Assets from the following bidders: DigitalImpact
 11 Holdings LLC, Philosophy Group, Mr. McAlary, Enigma, RocketCoin, and a joint bid from Genesis
 12 Coin and Heller Capital (collectively, the "Bidders"). No other parties submitted a Qualified Bid

13 7. Province conducted the Auction. Counsel for Debtor, the UST and the Committee,
 14 and a representative(s) for each of the Bidders were present. The Auction commenced at 9:00 a.m.
 15 on June 2, 2023, with an opening joint bid (the "Opening Bid") of \$5,700,000 from Heller Capital
 16 and Genesis Coin, which was determined to provide a higher and better value than the Stalking Horse
 17 Bid. After the Opening Bid was announced on the record, five (5) additional bids were submitted for
 18 consideration, but none were determined to provide a higher or better value to Debtor and its estate,
 19 apart from Mr. McAlary's bid for Coin Cloud Brasil, an asset not included in the Opening Bid.
 20 Therefore, with no certified overbid, Debtor, in consultation with the Consultation Parties, selected a
 21 favorably modified version of the Opening Bid, and a modified version of Mr. McAlary's bid, as the
 22 winning bids (the "Winning Bids").⁴ At the Auction, all secured creditors were permitted to credit
 23 bid the allowed amounts of their secured claims. The Auction concluded at approximately 9:30 p.m.
 24 after the announcement of the Winning Bids.

26 ³ See *Final Order Under Bankruptcy Code Sections 105, 361, 362, 363, 364(c)(1), 364(c)(2),*
 27 *364(c)(3), 364(d)(1) and 364(e) and Bankruptcy Rules 2002, 4001, 6004 and 9014(I) (I) Authorizing*
 28 *Debtor to (A) Obtain Post-Petition Financing and (B) Grant Adequate Protection* [ECF No. 315].

⁴ The sale motion to approve the sale of Brazil to McClary shall be filed separately.

8. Debtor must close the Sales as soon as possible, not only to retain the value of the Sale Assets, but also to prevent Debtor's continued incurrence of administrative expenses that reduce any potential recovery to unsecured creditors. In addition, Debtor was forced to cease operations in order to preserve its estate. Debtor has borrowed the maximum amount under its DIP loan. Each passing day brings increasing uncertainty regarding Debtor's future, leading to potentially greater losses for Debtor and its estate.

9. To the best of Debtor's knowledge, the only creditors that have liens on the Sale Assets are the DIP Lender, Genesis, Enigma and, possibly, AVT Nevada, L.P. ("AVT"). The DIP Lender consents to the Sales, provided that its claims are paid in full upon Closing. Genesis and Enigma have not provided express consent to the Sales, however, their liens attach to proceeds from the Sales in their existing order of priority.

10. The Sale Assets can be sold free and clear under section 363(f)(5) of the Bankruptcy Code with respect to the liens of Genesis, Enigma and any other potential secured creditors' liens ("Other Secured Creditors") under section 363(f)(5) because they could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of their interests. See 11 U.S.C. 363(f)(5). The Sale Assets can be sold free and clear with respect to the DIP Lender's liens because its claims will be paid in full on Closing and its liens thereby satisfied and terminated.

11. Heller Capital and Genesis Coin are unrelated to Debtor and their Winning Bids were selected as a result of a thorough and competitive sale process, including the public Auction.

12. While the proposed timing of the Sales is expedited, it is critical given the Debtor's current financial situation

I declare, under penalty of perjury of the laws of the United States of America, that the foregoing statements are true and correct to the best of my knowledge, information and belief.

Executed this 16th day of June 2023.

/s/Daniel Ayala
Daniel Ayala